

SHARED REVENUE AND TAX RELIEF

Budget Summary						FTE Position Summary
Fund	2014-15 Adjusted Base	Request		2015-17 Change Over Base Year Doubled		There are no positions authorized for Shared Revenue and Tax Relief.
		2015-16	2016-17	Amount	%	
GPR	\$2,147,065,600	\$2,145,546,400	\$2,201,000,700	\$52,415,900	1.2%	
PR	62,500,000	62,500,000	6,664,200	- 55,835,800	- 44.7	
SEG	196,547,800	213,392,700	214,860,300	35,157,400	8.9	
TOTAL	\$2,406,113,400	\$2,421,439,100	\$2,422,525,200	\$31,737,500	0.7%	

Major Request Items

1. LOTTERY AND GAMING CREDIT REESTIMATE

SEG	\$37,319,800
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Request increases of \$17,776,100 in 2015-16 and \$19,543,700 in 2016-17 to the sum sufficient appropriation to reflect estimates of lottery proceeds available for distribution. With these adjustments, estimated total funding would increase from an adjusted base level of \$143,349,500 to \$161,125,600 in 2015-16 and \$162,893,200 in 2016-17.

2. ENTERPRISE ZONE TAX CREDITS

GPR	- \$10,600,000
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Request decreases of \$700,000 in 2015-16 and \$9,900,000 in 2016-17 for the sum sufficient appropriation for enterprise zone tax credits to reestimate claims during the biennium. The reestimate reflects projections of credit claims for major economic development projects for which the Wisconsin Economic Development Corporation (WEDC) has, to date, awarded tax credits. With the adjustments, estimated total funding would decrease from \$51,200,000 annually to \$50,500,000 in 2015-16 and \$41,300,000 in 2016-17. Businesses that operate in enterprise zones established by WEDC can claim tax credits for jobs created and retained, training, capital expenditures, and purchases from Wisconsin vendors.

3. STATE AID FOR EXEMPT COMPUTERS, CASH REGISTERS, AND FAX MACHINES

GPR	\$7,435,000
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Request increases of \$2,560,000 in 2015-16 and \$4,875,000 in 2016-17 to the sum sufficient appropriation to reflect estimates of increased payment amounts. With these adjustments, base level funding of \$86,700,000 would increase to \$89,260,000 in 2015-16 and \$91,575,000 in 2016-17. The appropriation is used to make aid payments to local governments

containing computers, cash registers, and fax machines that are exempt from local property taxation.

4. FARMLAND PRESERVATION PER-ACRE TAX CREDITS

GPR	- \$6,500,000
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Request decreases of \$3,200,000 in 2015-16 and \$3,300,000 in 2016-17 to the sum sufficient appropriation for the farmland preservation per-acre tax credit, which applies to tax years after 2009. With these adjustments, the credit's base level funding of \$20,000,000 would decrease to \$16,800,000 in 2015-16 and \$16,700,000 in 2016-17.

5. CIGARETTE AND TOBACCO PRODUCT TAX REFUNDS

GPR	\$4,460,000
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Request increased funding for cigarette and tobacco products tax refunds of \$1,380,000 in 2015-16 and \$3,080,000 in 2016-17 to reflect higher estimates of the sum sufficient appropriation amounts required to reimburse Native American tribes under present law. Under current law, for sales that occur on reservations or trust lands, the tribes receive a refund of 100% of the excise tax on cigarettes sold to Native Americans and 70% of the tax on sales to non-Native Americans. For tobacco products sold on reservations or trust lands, the tribes receive a refund of 100% of the tax on products sold to tribal members and 50% of the tax on products sold to non-Native Americans. The requested increase in the sum sufficient estimate reflects the Department of Revenue's higher estimate for refunds to Native American tribes in 2014-15 and the Department's expectation that more purchases of cigarettes and tobacco products will occur on tribal reservations or trust lands over the next biennium.

6. STATE AID FOR PUBLIC UTILITY PROPERTY

GPR	\$2,300,000
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Request increases of \$400,000 in 2015-16 and \$1,900,000 in 2016-17 to the sum sufficient, public utility distribution account appropriation to reflect estimates of payment amounts. With these adjustments, the base level funding in the appropriation of \$70,600,000 would increase to \$71,000,000 in 2015-16 and \$72,500,000 in 2016-17. The public utility distribution account appropriation is used to make aid payments to counties and municipalities containing certain types of public utility property that are exempt from local property taxation.

7. EARNED INCOME TAX CREDIT

GPR	\$57,945,800
PR	- 55,835,800
Total	\$2,110,000

Request a decrease of \$320,000 GPR in 2015-16 and a decrease of \$55,835,800 PR and an increase of \$58,265,800 GPR in 2016-17 in funding for the earned income tax credit (EITC) to reflect: (a) reestimates of the sum sufficient GPR appropriation (-\$320,000 in 2015-16 and \$2,430,000 in 2016-17); and (b) a reduction in the transfer of temporary assistance for needy families (TANF) funding (-\$55,835,800 PR and \$55,835,800 GPR in 2016-17). The EITC is funded through a combination of GPR and PR funding. The PR component is provided by a transfer of TANF funding from the Department of Children and Families, and the GPR component is provided through a sum sufficient

appropriation, which covers the balance of the cost of the credit. The Department of Children and Families has requested that the TANF funding be reduced in 2016-17. As a result, PR funding would remain unchanged in 2015-16 from its base level funding of \$62,500,000, but would decrease to \$6,664,200 in 2016-17. A reduction in PR funding would cause an offsetting increase in the GPR appropriation. With the sum sufficient reestimates noted above, the GPR appropriation would change from a base funding level of \$44,100,000 to \$43,780,000 in 2015-16 and \$102,365,800 in 2016-17. Total funding for the credit would be \$106,280,000 in 2015-16 and \$109,030,000 in 2016-17. (A related request is included under the Department of Children and Families.)

8. JOBS TAX CREDIT

GPR	- \$2,000,000
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Request decreases of \$1,000,000 annually for the sum sufficient appropriation for the jobs tax credit to reestimate tax credit claims during the biennium. The reestimate reflects the Department of Revenue's lower estimate for credit claims based on the assumption that WEDC will: (a) allocate all of the \$10 million statutory limit of credits that the Corporation may allocate in a calendar year; and (b) transfer an additional \$7 million annually of unused angel and early-stage seed tax credits. With the adjustment, total annual funding would decrease from \$18,000,000 to \$17,000,000. The jobs tax credit equals 10% of the wages paid to an eligible employee and/or the amount of costs incurred to undertake training activities in the year.

9. HOMESTEAD TAX CREDIT REESTIMATE

GPR	- \$1,520,000
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Request decreases of \$810,000 in 2015-16 and \$710,000 in 2016-17 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. With these adjustments, estimated total funding would increase from an adjusted base level of \$118,210,000 to \$117,400,000 in 2015-16 and \$117,500,000 in 2016-17.

10. VETERANS AND SURVIVING SPOUSES PROPERTY TAX CREDIT

GPR	- \$1,140,000
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Request decreases of \$770,000 in 2015-16 and \$370,000 in 2016-17 to the sum sufficient appropriation for the veterans and surviving spouses tax credit to reflect estimates of payment amounts. With these adjustments, base level funding of \$32,370,000 would decrease to \$31,600,000 in 2015-16 and \$32,000,000 in 2016-17. The credit is equal to real and personal property taxes paid on a principal dwelling by certain veterans and surviving spouses.

11. WOODY BIOMASS HARVESTING AND PROCESSING TAX CREDIT

GPR	- \$487,500
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Request decreases of \$187,500 in 2015-16 and \$300,000 in 2016-17 for the sum sufficient appropriation for the woody biomass harvesting and processing tax credit to reestimate credit claims during the 2015-17 biennium. With the adjustment, total funding would decrease from

\$300,000 annually to \$112,500 in 2015-16 and \$0 in 2016-17. Pursuant to 2013 Wisconsin Act 20, the credit sunset beginning in tax year 2015. The reduction reflects the estimated amount of remaining credits that will be claimed in 2015-16 and that no remaining credits will be claimed in 2016-17. Prior to tax year 2015, the woody biomass harvesting and processing tax credit equals 10% of the amount paid for equipment that was used primarily to harvest or process woody biomass that was used for fuel or as a component of fuel.

12. FARMLAND PRESERVATION TAX CREDIT REESTIMATE

GPR	\$300,000
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Request increases of \$172,000 in 2015-16 and \$128,000 in 2016-17 for the sum sufficient appropriation to reflect anticipated costs of the credit in the biennium. State law limits this credit to claimants who have an active farmland preservation agreement signed prior to July 1, 2009, but extends a second farmland preservation credit that makes payments on a per-acre basis to other claimants. With these adjustments, estimated funding for this credit would increase from an adjusted base level of \$900,000 to \$1,072,000 in 2015-16 and \$1,028,000 in 2016-17.

13. CLAIM OF RIGHT CREDIT

GPR	\$114,000
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Request increases of \$57,000 annually for the sum sufficient appropriation for the claim of right credit. With these adjustments, base level funding of \$170,000 would increase to \$227,000 annually. The credit is extended to taxpayers who must repay income on which taxes were paid in a prior year.

14. COUNTY AND MUNICIPAL AID ACCOUNT -- POLICE AND FIRE PROTECTION FUND

SEG	- \$2,100,000
GPR	<u>2,098,600</u>
Total	- \$1,400

Request decreases of \$900,000 SEG in 2015-16 and \$1,200,000 SEG in 2016-17 and increases of \$899,300 GPR in 2015-16 and \$1,199,300 GPR in 2016-17 in the appropriations for the county and municipal aid program. The SEG adjustment reflects the estimated reductions in revenue collected in the police and fire protection fund, which is the source for a portion of county and municipal aid program payments. Payments from the police and fire protection fund would be estimated at \$52,100,000 in 2015-16 and \$51,800,000 in 2016-17. The GPR increases reflect an adjustment to the sum sufficient appropriation to offset the police and fire protection fund revenue reestimate but are understated by \$700 annually due to a rounding adjustment. With these adjustments, total GPR payments for the county and municipal aid program would be \$695,975,000 in 2015-16 and \$696,275,000 in 2016-17. The total statutory aid distribution from all sources (including \$5,000,000 annually from the medical assistance program) would remain unchanged at \$753,075,700 annually, but the appropriations would underfund this distribution by \$700 annually.